

## Message Text

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17

ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 SS-15 SP-02 NSC-05

H-02 /050 R

DRAFTED BY EB/AN:AJRIMAS:DAP

APPROVED BY EB/OA:MHSTYLES

CAB - D. LITTON

ARA/EP - F. CORRY

----- 021208

R 122107Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY LIMA

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

AMEMBASSY LA PAZ

AMEMBASSY ASUNCION

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E.O. 11652:N/A

TAGS: EAIR, PE

SUBJECT: CIVAIR CONSULTATIONS

1. FIRST SESSION OF CURRENT ROUND USG-GOP CIVAIR TALKS  
TOOK PLACE JUNE 11. BOTH SIDES TABLED AND DISCUSSED THEIR  
RESPECTIVE POSITIONS AND PROPOSED POSSIBLE AVENUES TOWARD  
REACHING AGREEMENT.

2. GOP DELEGATION CHAIRMAN BERCKEMEYER WAS ACCOMPANIED BY  
LUIS SOLARI, DR. ALEJANDRO LEON DE VIVERO, AND JOSE F.  
TORRES-MUGA, COUNSELOR AT THE PERUVIAN EMBASSY/WASHINGTON.  
IN ADDITION, THE FOLLOWING AEROPERU OFFICIALS WERE ON THE  
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GOP DELEGATION: GUILLERMO GULMAN; RAUL BURMEO S., FINAN-  
CIAL MANAGER; FEDERICO PASTOR Y., CHIEF OF PLANNING; AND  
ENRIQUE TEJADO, U.S. REGIONAL MANAGER.

3. USDEL CONSISTED OF FOLLOWING:

MICHAEL H. STYLES, DIRECTOR, OFFICE OF AVIATION, STATE  
(CHAIRMAN);

LEE R. WEST, MEMBER, CIVIL AERONAUTICS BOARD (CAB);

CHARLES M. PALMER, ASSISTANT TO MEMBER WEST, CAB;

JONATHAN SHOWE, COUNCIL OF INTERNATIONAL ECONOMIC  
POLICY;

DONALD L. LITTON, CHIEF, WESTERN HEMISPHERE, BUREAU OF  
INTERNATIONAL AFFAIRS, CAB;

CAROLYN K. COLDREN, WESTERN HEMISPHERE, BUREAU OF INTER-  
NATIONAL AFFAIRS, CAB;

ALGIRDAS J. RIMAS, OFFICE OF AVIATION NEGOTIATIONS,  
STATE;

JOHN F. KING, COUNTRY DIRECTOR FOR PERU AND ECUADOR,  
ARA, STATE;

FRANCIS B. CORRY, PERU DESK OFFICER, ARA, STATE;

LISA RAY, AIR TRANSPORT ASSOCIATION (OBSERVER).

4. BERCKEMEYER REITERATED THAT GOP'S POSITION REMAINS  
IDENTICAL TO AEROPERU'S LAST OFFER OF 24 FREQUENCIES, BUT  
EXPRESSED THAT "WE ARE NOT FAR APART". HE HOPED FOR A  
COMPROMISE FORMULA TO BREACH THE GAP. USDEL EMPHASIZED  
THAT BRANIFF'S APRIL 16 POSITION IS ABSOLUTE MINIMUM  
REQUIRED FOR VIABLE OPERATIONS AND INVITED GOP DELEGATION  
TO STATE WHAT GOP WOULD WISH IN RETURN FOR GRANTING THESE  
US RIGHTS. USDEL EMPHASIZED THAT HERETOFORE, BOTH  
GOVERNMENTS AND AIRLINES HAD DISCUSSED WHAT BRANIFF RE-  
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QUIRES AND WHAT GOP WOULD PERMIT. NOW WE MUST DISCUSS  
OTHER HALF OF EQUATION - WHAT AEROPERU DESIRES AND WHAT  
USG WOULD GRANT. BERCKEMEYER SUBMITTED PAPER CALLING FOR  
EQUALITY BETWEEN AIRLINES IN CARRYING TRAFFIC AND REPEATED  
GOP'S LINE CONCERNING BRANIFF'S PREDOMINANCE IN LATIN  
AMERICA. USDEL POINTED OUT THAT AN AGREEMENT WOULD RE-  
QUIRE NEED FOR OVERALL BALANCE BASED UPON VALUE OF  
TOTALITY OF RIGHTS. PERUVIAN APPROACH HAS TO DATE OVER-  
LOOKED FACTOR OF OPPORTUNITY TO COMPETE. USDEL CHALLENGED  
ASSUMPTION THAT BRANIFF BENEFITS DISPROPORTIONATELY FROM  
LATIN AMERICAN TRAFFIC. CITING STATISTICS, USDEL SHOWED  
THAT AEROPERU WOULD BENEFIT RELATIVELY MORE FROM OBTAIN-

ING ACCESS TO 5TH FREEDOM TRAFFIC ON ITS US ROUTES THEN WOULD BRANIFF ON ITS PERU ROUTES. FOR EXAMPLE, REVENUE POTENTIAL OF TRAFFIC BETWEEN US AND POINTS SOUTH OF LIMA OR BETWEEN US AND INTERMEDIATE POINTS SUCH AS GUAYAQUIL WHICH ARE OBTAINED AS A RESULT OF GAINING US RIGHTS FOR AEROPERU ARE GREATER THAN REVENUE POTENTIAL OF

TRAFFIC BETWEEN INTERMEDIATE POINTS AND POINTS SOUTH OF LIMA OBTAINED FOR BRANIFF BY VIRTUE OF GAINING TRAFFIC RIGHTS INTO PERU. AFTER SOME DISCUSSION OF THIS APPROACH PERU DELEGATION PROPOSED THAT EITHER BALANCE OF BENEFITS BE MEASURED ON BASIS OF HISTORICAL EXPERIENCE (WHICH SHOWS GREATER REVENUES FOR BRANIFF), OR FUNDAMENTAL REVIEW OF COMMERCIAL FACTORS SUBMITTED BY US WOULD HAVE TO BE UNDERTAKEN BY GOP. UNTIL TIME REVIEW COMPLETED NO FURTHER PROGRESS COULD BE MADE. ANOTHER POSSIBILITY WOULD BE TO DISREGARD 5TH FREEDOM TRAFFIC COMPLETELY AND TALKS ABOUT 3RD AND 4TH FREEDOM FREQUENCIES, BERCKEMEYER CONTINUED. USDEL THEREUPON SAID THAT USG CANNOT ACCEPT ANY ARRANGEMENT WHICH DOES NOT INCLUDE BEYOND RIGHTS. BERCKEMEYER STATED THAT US APPROACH WAS TOO THEORETICAL AND "WOULD NOT GET US ANYWHERE". FOR EXAMPLE, HE SAID AEROPERU COULD NEVER SERVE THE BUENOS AIRES-US MARKET EFFECTIVELY IN VIEW OF COMPETING SERVICES.

5. PERU DELEGATION THEN LISTED 5TH FREEDOM FREQUENCIES WHICH WOULD BE DESIRED BY AEROPERU. THESE ARE:  
BUENOS AIRES-MIAMI, 7; RIO DE JANEIRO/SAO PAULO-  
LOS ANGELES, 3; SANTIAGO-MIAMI, 5; GUAYAQUIL-MIAMI, 3;  
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GUAYAQUIL-NEW YORK, 3; GUAYAQUIL-LOS ANGELES, 3. IN ADDITION BERCKEMEYER EXPRESSED INTEREST IN OFFERING INTERMEDIATE STOP SERVICE TO CALI, BOGOTA AND QUITO. ALTHOUGH NO SPECIFIC 3RD AND 4TH FREQUENCY LEVELS WERE REQUESTED, BERCKEMEYER INDICATED THAT BY WAY OF ILLUSTRATIONS, THESE COULD BE: 7 TO MIAMI, 7 TO NEW YORK, 3 TO LOS ANGELES. PERU DELEGATION ALSO CONFIRMED THAT BRANIFF WOULD BE AUTHORIZED 15 FLIGHTS NORTH OF LIMA AND 9 TO THE SOUTH. WITHIN FRAMEWORK OF THE NINE BEYOND FREQUENCIES, BRANIFF COULD OPERATE FROM LIMA: 2 FLIGHTS TO BUENOS AIRES, 2 TO SANTIAGO, 1 TO RIO DE JANEIRO, 1 TO SAO PAULO, 3 TO ASUNCION, AND 3 TO LA PAZ. GOP WOULD ALSO GUARANTEE BRANIFF A 3 YEAR PERMIT WHICH WOULD HAVE TO BE RENEWED ANNUALLY (PRO FORMA).

6. USDEL INDICATED THAT FOR FIRST TIME THERE WERE PROPOSALS TO FIT BOTH SIDES OF BRANIFF/AEROPERU EQUATION - PERU KNOWS WHAT BRANIFF WANTS AND WE KNOW WHAT AEROPERU WANTS. KISSINGER

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